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DEPARTMENT OF INSURA

JUN 1 9 1996

NCE	DEPT. OF INSUHANCE BY

ATI	LANTZ	A CASUAL	TY	COMPANY
In	the	Matter	of	

Docket No. 96A-100

CONSENT ORDER

Respondent.

The Department conducted a market conduct examination of the Atlanta Casualty Company, NAIC #21792 ("Atlanta"). upon the Report of Market Conduct Examination (the "Report") prepared by the Department's Market Conduct Examiners ("the Examiners"), Atlanta has violated A.R.S. §§ 20-462 and 20-1632, and Arizona Administrative Rule ("A.A.C. R") 20-6-801.

Atlanta wishes to resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Insurance of Director of the State of Arizona ("the Director") enters the following Findings of Fact Conclusions of Law, which are neither admitted nor denied by Atlanta, and the following Order.

FINDINGS OF FACT

- 1. Atlanta is authorized to transact vehicle insurance pursuant to a Certificate of Authority issued by the Director.
- 2. The Examiners were authorized by the Department to conduct a market conduct examination of Atlanta. The on-site examination was completed on September 10, 1995.
- The Examiners reviewed 257 policy files cancelled or non-renewed by Atlanta from November 16, 1993 through September 10, 1995. Of these, Atlanta cancelled one personal automobile policy (0.4%) for reasons other than non-payment of premium

without notifying the insured at least ten days prior to the cancellation date. The cancellation notice was mailed eight days prior to the cancellation date.

- 4. The Examiners reviewed 225 third party claims with loss dates from April 1, 1993 through June 2, 1995. Of these, Atlanta failed to respond to one third-party claim (0.4%) within ten working days of receiving notice of the claim. Atlanta responded to the claimant's attorney 21 working days after receiving claim notification.
- 5. The Examiners reviewed 488 first party automobile total loss claims with dates of loss from April 1, 1993 through August 16, 1995. Of these, they found that:
- a. Atlanta failed to pay any or all of the applicable sales taxes and/or license fees due five claimants (1.0%). The amount of \$1,774.22, plus interest, remains due and owing to the claimants.
- b. The Company determined the actual cash value of four vehicles (0.8%) on a basis other than the value of a comparable automobile in the local market area or two dealer quotations, as set forth in A.A.C.R20-6-801(H)(1)(b).
- c. Atlanta failed to acknowledge three communications from first-party claimants (0.6%) within ten working days of receipt.
- d. Atlanta paid six claims (1.2%) more than 30 days after the receipt of an acceptable proof of loss which contained all information necessary for claim adjudication, but did not pay interest to the claimants.

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CONCLUSIONS OF LAW

- 1. Atlanta violated A.R.S. § 20-1632(A) by failing to notify an insured of policy cancellation for a reason other than non-payment or premium at lest ten days prior to the effective date of the cancellation.
- 2. Atlanta violated A.A.C.R20-6-801(E)(1) by failing to respond to a notice of claim within 10 working days of receipt.
- 3. Atlanta violated A.A.C. R20-6-801(H)(1)(b) by failing to pay the full amount of sales taxes and license fees required for the purchase of comparable automobiles to first-party claimants in its settlement of first-party automobile total loss claims.
- 4. Atlanta violated A.A.C.R20-6-801(H)(1) by making cash settlements of first party total loss claims other than on the basis of either the value of a comparable car or two or more dealer quotations.
- 5. Atlanta violated A.A.C.R20-6-801(E)(3) by failing to respond to communications from claimants within 10 working days of receipt.
- 6. Atlanta violated A.R.S. § 20-462(A) by failing to pay interest on all first party claims not paid within thirty (30) days of the receipt of an acceptable proof of loss which contained all information necessary for claim adjudication.
 - 7. Grounds exist for the entry of the following Order.

ORDER

Atlanta having admitted the jurisdiction of the Director to enter the Order set forth herein, having waived the Notice of Hearing, and having consented to the entry of the

 Order set forth hereinafter, and there being no just reason for delay:

IT IS HEREBY ORDERED THAT:

- 1. Within 30 days of the filed date of this order, Atlanta shall pay the five total loss claimants listed in Exhibit 7 of the Report, attached as Exhibit A of this Order, the full amount of sales taxes and/or license fees not previously paid, totalling \$1,774.22 plus interest at the rate of ten percent (10%) per annum calculated from the date Atlanta received each claim to the date the amounts due are paid to the claimants.
- 2. Within 30 days of the filed date of this Order, Atlanta shall pay interest at the rate of 10% per annum to the six claimants listed in Exhibit 7 of the Report, attached as Exhibit A of this Order, on the amount of each claim not paid within 30 days after Atlanta had received an acceptable proof of loss which contained all information necessary for claim adjudication. Interest shall be calculated from the date the claim was received by Atlanta to the date of payment. pay interest thereon.
- 3. The payments listed in Paragraphs 1 and 2 above shall be accompanied by a letter to the insureds acceptable to the Director. A list of payments, giving the name and address of each party to whom payments were made, the base amount of the payment, the amount of interest paid, and the date of payment, shall be provided to the Department when all payments have been made. This list shall be submitted after all payments have been

made, but no later than 45 days after the filed date of this Order.

- 4. The Department shall be permitted, through authorized representatives, to verify Atlanta has fully complied with all requirements of this Order.
- 5. The September 10, 1995 Report of Examination, to include any objections to the Report filed by Atlanta, shall be filed with the Department.

DATED at Phoenix, Arizona this 19th day of June, 1996

Chris Herstam

Director of Insurance

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CONSENT TO ORDER

- 1. Respondent Atlanta Casualty Company has reviewed the foregoing Consent Order.
- 2. Respondent is aware of its right to a hearing at which hearing it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such public hearing and to any court appeals relating thereto.
- 3. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and consent to the entry of this Consent Order.
- 4. Respondent states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.
- 5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this matter against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.
- 6. N. Chris Williamsen represents that as Uice President he is an officer of Atlanta Casualty Company, and that, as such, he is authorized by it to enter into this Consent Order on its behalf.

5-20-96 (Date)

ATLANTA CASUALTY COMPANY

1 COPY of the foregoing mailed/delivered 19th day of June , 1996, to: 2 Charles R. Cohen 3 Deputy Director Gregory Y. Harris Executive Assistant Director Lewis D. Kowal 5 Chief Administrative Law Judge Erin H. Klug 6 Chief Market Conduct Examiner Saul R. Saulson Examinations Supervisor Market Conduct Examinations Division 8 Mary Butterfield Assistant Director 9 Life & Health Division Deloris E. Williamson 10 Assistant Director Rates & Regulations Division 11 Gary Torticill Assistant Director and Chief Financial Examiner Corporate & Financial Affairs Division 12 Cathy O'Neil 13 Assistant Director Consumer Services Division 14 John Gagne Assistant Director Investigations Division 15 John King Fraud Unit Chief 16 Dean Ehler Supervisor 17 Property and Casualty Section 18 DEPARTMENT OF INSURANCE 19 2910 North 44th Street, Suite 210 Phoenix, AZ 85018 20 Chris Williamson, Vice President 21 Atlanta Casualty Company P.O. Box 105435 22 Atlanta, Georgia 30348-5435 23 (uneyer). Durtor 24 25

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